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SUMMARY

The vigorous upward movement in general business activity is generating a strong demand for farm products. The recent increase in the average of prices received by farmers reflects in part this strength in demand and in part seasonally lower marketings of some agricultural commodities. Prices received by farmers rose an average of 2 percent from mid-April to mid-May, with substantial advances in prices of hogs, beef cattle and soybeans. Prospects for the 1950 crop production were generally less encouraging than usual on May 1.

Most indicators of general economic activity have trended upward in recent months. The index of industrial production rose to 189 in April and still higher in May as steel and motor vehicle output pushed toward new highs. Total employment in April, at 58.7 millions, was 1.1 million greater than the previous month. Construction activity continues its record breaking pace. The wholesale price level, which had been virtually stable since last summer, turned upward in late April and continued to rise in May.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1949		1950			
		Year	April	Jan.	Feb.	Mar.	Apr.
Industrial production 1/	1935-39						
Total.....	=100	176	179	183	180	187	189
All manufactures.....	do.	183	184	192	192	194	198
Durable goods.....	do.	201	212	209	207	212	221
Nondurable goods.....	do.	168	162	179	180	180	179
Minerals.....	do.	134	148	130	118	144	142
Construction activity 1/	1935-39						
Contracts, total.....	=100	368	308	422	458	479	505
Contracts, residential.....	do.	471	346	600	637	681	765
Wholesale prices 2/							
All commodities.....	1926 = 100	155	157	152	153	153	153
All commodities except							
farm and food.....	do.	147	149	146	146	146	146
Farm Products.....	do.	166	170	155	159	159	159
Food.....	do.	161	163	155	157	156	155
Prices received and paid by							
farmers 3/	1910-14						
Prices received, all prod....	=100	249	256	235	237	237	241
Prices paid, interest taxes							
and wage rates	do.	250	254	249	248	250	251
Parity ratio.....	do.	100	101	94	96	95	96
Consumers' price 2/ 4/	1935-39						
Total.....	=100	169	170	167	166	167	167
Food.....	do.	202	203	196	195	196	197
Nonfood.....	do.	151	151	150	150	151	151
Income							
Nonagricultural payments 5/...	Bil. dol.	191.4	191.8	198.7	202.7	206.7	
Income of industrial	1935-39						
workers 3/.....	=100	325	327	322	316	336	
Factory payrolls 2/.....	346	346	340	350	351	355	
Weekly earnings of factory							
workers 2/							
All manufacturing.....	Dollars	54.94	53.80	56.29	56.37	56.53	56.89
Durable goods	do.	58.03	57.21	59.40	59.47	59.78	61.04
Nondurable goods.....	do.	51.46	49.67	52.78	53.06	53.08	52.24
Employment							
Total civilian 6/.....	Millions	58.7	57.8	56.9	57.0	57.6	58.7
Nonagricultural 6/.....	do.	50.7	50.0	50.7	50.7	50.9	51.5
Agricultural 6/.....	do.	8.0	7.8	6.2	6.2	6.7	7.2
Government finance (Federal) 7/							
Income, cash operating.....	Mil. dol.	3,448	1,430	3,485	3,595		
Outgo, cash operating.....	do.	3,553	3,130	3,177	3,537		
Net cash operating income							
or outgo.....	do.	- 105	-1,699	✓ 308	✓ 58		

Annual data for the years 1929-49 appear on page 19 of the March 1950 issue of The Demand and Price Situation.

Sources: 1/ Federal Reserve Board, construction activity converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE, to convert prices received and prices paid interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Dept. of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1949 are on average monthly basis.

Commodity Highlights

Prices of most classes of meat animals are likely to be seasonally high this summer. Prices of barrows and gilts and well-finished cattle are most likely to rise further from May levels, reaching a peak for the year in late summer. In the fall, at least average declines in prices of hogs are expected, while cattle prices are likely to drop moderately. For 1950 as a whole, the increase in farm sales of dairy products is likely to be more than offset by a decrease in prices. Output of primary fats and oils other than butter in April-September 1950 is likely to total slightly less than in the comparable period a year earlier. The large volume of corn held under price support points to a tighter commercial supply situation this summer than last. Prospects for a smaller wheat crop are expected to result in a smaller drop below the loan in wheat prices after the new harvest than occurred in past years. Grower prices of most 1950-crop-deciduous fruits in June and July are expected to average higher than a year earlier. Continued high grower prices are likely this summer for oranges and grapefruit. Farmers are likely to receive lower average prices for potatoes in June and July than a year earlier. Prices received by farmers for commercial truck crops for fresh market are likely to average slightly lower this summer than last. Wool growers probably will receive in 1950 prices averaging about the same as the 49.3 cents in 1949. Consumption of Maryland tobacco during the 1950-51 fiscal year is expected to set a record.

OUTPUT AND EMPLOYMENT

Total industrial activity, paced by peak steel output and higher automobile and machinery production, continued to expand in April and May. The Federal Reserve Board's index of industrial production, seasonally adjusted, rose to 189 (1935-39=100) in April, compared with 187 in March, 179 in April a year ago, and the postwar peak of 195 in October and November 1948.

At 221, the index of durable goods production was 3 percent above both the previous month and April last year, but 4 percent below the postwar peak of December 1948. Steel operations averaged close to 100 percent of capacity in April, with output climbing to the peak levels of February and March 1949. In March, operations averaged 89 percent of capacity. Activity in the automobile industry was also higher during April. April output brought the number of motor vehicles assembled during the first four months of the year to 2.1 million units, compared with slightly more than 1.8 million units in the same period last year. Production of machinery, which was also above the March rate, continued to reflect the brisk demand for home appliances and the strengthening in demand for producers' equipment. Activity in most other durable goods industries was virtually unchanged at the relatively high levels of March.

Production of nondurable goods was maintained close to the high March rates. The index of nondurable goods production was 179, less than 1 percent below the peak reached in February 1948 and again in March

this year. Output of textiles and products, leather goods, manufactured foods and petroleum and coal products declined slightly, offsetting increases in the production of rubber products and chemicals and in newsprint consumption.

Output of minerals declined slightly from March to April as a result of reduced coal production and a substantially smaller than usual increase in iron ore mining due to unfavorable weather.

Preliminary indications point to an even higher level of industrial activity in May. With the settlement of the strike at the plants of one of the large automobile producers, motor vehicle output increased sharply in May to a new record. Steel operations continued at peak levels; and activity in most other industries was at the high April rates.

Total construction activity in April, led by record private homebuilding, was higher than in any other April on record. Expenditures on new construction during the month rose seasonally to 1.7 billion dollars, 10 percent above March and 24 percent above April last year. The total for the first four months of this year was 6.1 billion, 20 percent above the like period in 1949 and the highest on record for that period.

Outlays for all types of new private construction during April increased seasonally and were 9 percent above the previous month and 27 percent above April a year ago. The January-April total was 4.6 billion dollars, 20 percent above the first four months in 1949. Private new nonfarm homebuilding continued at a record breaking rate as expenditures rose 11 percent over March and 62 percent above a year ago. For the first 4 months of 1950, expenditures were 50 percent higher than in the same period last year. A record 126,000 new nonfarm dwelling units were started in April, bringing the total for the first four months of 1950 to 395,000, 53 percent above the same period last year and larger than in any like period on record. Although data are not yet available for May, the Bureau of Labor Statistics indicated it was quite likely that 500,000 units were started from January through the end of that month. Last year the number of starts did not reach the 500,000 unit mark until July. Private nonresidential building, however, continued somewhat below April 1949, and for the first four months of this year outlays were 8 percent lower than in January-April 1949.

Public outlays rose 15 percent above March as activity on new schools and hospitals increased seasonally. In the first four months of this year they were 20 percent above the same period last year.

The spring improvement in general business activity was reflected in a rise in total civilian employment in early April. An estimated 58.7 million persons were employed in civilian jobs in April, compared with 57.6 million in March and 57.8 million in April a year earlier. Largely as a result of further expansion in trade and construction, non-agricultural employment increased to 51.5 million, 600,000 above March and 1.5 million above April last year.

Since the rise in the civilian labor force was much smaller than the gain in total employment the number of unemployed declined substantially from March to April. Unemployment in April was estimated at 3.5 million persons, 600,000 below March, but 500,000 above April a year earlier. Despite the drop in total unemployment from March, the number of persons out of work 15 weeks or longer remained the same, 1.2 million. This group of unemployed included 1 out of every 3 unemployed persons in April, compared with only 1 out of every 5 in April last year.

INCOME AND RELATED FACTORS

Personal income in March, excluding veterans' insurance refunds, was at a seasonally adjusted annual rate of 212.1 billion dollars, 2.4 billion above the comparable February total and 1.9 billion greater than in March 1949. The rise from February was due almost entirely to a substantial rise in salary and wage receipts, although dividend and interest payments were also up somewhat. Farm income, seasonally adjusted, declined slightly from February as a result of a smaller than usual increase in marketings.

Salary and wage payments in March rose to 135.2 billion dollars, 2.1 billion above February and 2.9 billion greater than in March a year earlier. Following settlement of the coal strike in early March, pay rolls in mining increased sharply over February while increased activity in durable goods industries added to manufacturing pay rolls.

Payments to veterans of National Service Life Insurance refunds reached a peak of 887 million dollars in March. They declined sharply in April and May, however, as scheduled payments moved toward completion. From January through May refunds amounting to about 90 percent of the total dividend pool were paid out.

The dollar volume of sales at department stores in April, adjusted for seasonal changes, was up substantially from March. The Federal Reserve Board's index of department store sales, seasonally adjusted, was 289 (1935-39=100), compared with 274 in March and 293 in April 1949. Sales of soft goods in April were somewhat higher than in March, although they were still running below a year earlier.

Sales at all retail stores in April, after seasonal adjustment, were fractionally below the previous month but about 2 percent greater than in April a year ago. Sales at durable goods stores were off about 2.5 percent from March, but up 10 percent from April last year. The March to April drop resulted largely from further slight declines in sales reported by the automotive and homefurnishings groups. Sales at nondurable goods stores were up fractionally from March with increases in the general merchandise and apparel groups more than offsetting declines in sales at food stores, filling stations and drug stores.

COMMODITY PRICES

Advances in prices of farm and food products, metals, building materials and chemicals pushed the BLS index of wholesale prices slightly upward to 153.0 (1926=100) in April. The index stood at 152.6 in March and 156.9 in April a year earlier. The general level of wholesale prices continued to advance in May as a result of further increases in prices of farm and food products, and building materials and advances in prices of all other major groups, except chemicals.

Table 1.- Group indexes of wholesale prices, week ended May 23, 1950
with comparisons

(1926=100)

Group	Week ended May 23, 1950	Week ended Apr. 25, 1950	Week ended May 24, 1949	Week ended May 23, 1950 percentage change from	
				Week ended Apr. 25, 1950	Week ended May 24, 1949
All commodities	156.1	153.7	156.0	+ 1.6	+ .1
Farm products	165.3	160.8	172.8	+ 2.8	- 4.3
Foods	160.7	157.8	165.1	+ 1.8	- 2.7
All other than farm and food	147.6	146.5	146.5	+ .8	+ .8
Textile products	135.6	135.3	139.4	+ .2	- 2.7
Fuel and lighting materials	152.8	130.7	130.1	+ 1.6	+ 2.1
Metals and products	171.0	170.3	167.8	+ .4	+ 1.9
Building materials	198.5	194.3	193.4	+ 2.2	+ 2.6
Chemicals and allied products	116.2	117.0	118.5	- .7	- 1.9

Bureau of Labor Statistics

The general level of wholesale commodity prices during the week ending May 23 was about the same as a year earlier. Prices of farm products and foods were off 4.3 and 2.7 percent respectively. Prices of industrial commodities, on the other hand, averaged slightly higher with only the textile and chemical groups showing declines.

Average prices received by farmers continued upward in mid-May. The BAE index of prices received for all commodities was 247 (1910-14=100), 2 percent above mid-April. All crop prices averaged slightly lower with a sharp drop in prices of truck crops and smaller declines in fruit and other vegetables more than offsetting increases in food and feed grains, cotton and oilseeds. Substantial increases in average prices of meat animals and wool resulted in an average increase of 5 percent in prices of all livestock and products. The index of dairy products prices continued to decline seasonally. Prices of poultry and eggs also averaged lower.

Table 2.- Group indexes of prices received by farmers, May 15, 1950
with comparisons

(1910-14=100)

Group	May 15, 1950	Apr. 15, 1950	May 15, 1949	May 15, 1950 percentage change from	
				April 15, 1950	May 15, 1949
Food grains	230	227	229	+ 1	1/
Feed grains and hay	190	181	174	+ 5	+ 9
Cotton	246	242	252	+ 2	- 2
Tobacco	387	389	403	- 1	- 4
Oil-bearing crops	248	239	245	+ 4	+ 1
Fruit	195	206	239	- 5	- 18
Truck crops	178	205	194	- 13	- 8
Other vegetables	189	194	250	- 3	- 24
All crops	223	225	235	- 1	- 5
Meat animals	342	312	319	+ 10	+ 7
Dairy products	230	235	235	- 2	- 2
Poultry and eggs	154	161	215	- 4	- 28
Wool	302	283	284	+ 7	+ 6
Livestock and products	269	256	271	+ 5	- 1
Crops and livestock and products	247	241	253	+ 2	- 2

1/ Less than one-half percent increase.

In mid-May farmers received prices averaging 2 percent below a year earlier, although changes in direction among commodity groups were mixed. The average of all crop prices was down 5 percent from mid-May 1949, but grain and oilseed prices averaged higher. Prices of livestock and products were also lower, declining 1 percent from a year earlier largely as a result of sharply lower prices received for poultry and eggs. Prices of meat animals and wool averaged above those of a year ago.

Prices paid by farmers, including interest, taxes and wage rates, continued to advance from mid-April to mid-May. The BAE index was 254 (1910-14=100) in May, 1 percent above April, and fractionally above May 1949. The increase from the previous month resulted chiefly from increases in prices paid for food, feed and feeder livestock. The changes in prices received relative to prices paid resulted in a parity ratio (index of prices received divided by index of prices paid, interest, taxes and wage rates) of 97 in May, 3 points below May a year ago.

In April, average prices paid by urban consumers' of moderate incomes were fractionally above March. The BLS index of consumers' prices was 167.3 (1935-39=100) in April, compared with 167.0 in March and 169.5 in April a year ago. The slight increase in the average from March resulted largely from higher prices paid for food and fuel. Rents continued to advance slightly, and prices paid for housefurnishings were also higher.

AGRICULTURAL EXPORTS

In the first quarter of 1950 the total value of agricultural exports was 731 million dollars compared with 1,026 million in the first quarter of 1949, a decrease of 295 million dollars or 29 percent. All classes of agricultural exports showed large percentage declines from a year earlier except cotton which increased 18 percent.

Table 3.-Value of exports of United States agricultural products in specified periods
(Million dollars)

Period	Cotton including linters	Tobacco unmanu- factured	Other agri- cultural non-foods	Grain and prep- arations	Other foods	Grand total
1935-39 Annual average	318	128	29	95	178	748
1947						
1st quarter	169	93	35	442	342	1,081
2nd quarter	137	53	24	515	317	1,046
3rd quarter	37	52	25	500	316	930
4th quarter	84	73	28	424	291	900
Total 1947	427	271	112	1,881	1,266	3,957
1948						
1st quarter	122	40	44	424	251	881
2nd quarter	98	41	36	400	220	795
3rd quarter	80	77	22	490	177	846
4th quarter	211	56	49	402	233	951
Total 1948	511	214	151	1,716	881	3,473
1949						
1st quarter	252	52	72	434	216	1,026
2nd quarter	272	40	83	385	225	1,005
3rd quarter	103	84	50	343	146	726
4th quarter	247	76	50	298	148	819
Total 1949	874	252	255	1,460	735	3,576
1950						
1st quarter	298	31	61	218	123	731
Percentage change						
1st qtr. 1950 from						
1st qtr. 1949	+18	(-) 40	(-) 15	(-) 50	(-) 43	(-) 29

Cotton and linters exports during the rest of this year are not expected to be as high as in the first quarter, but exports of grain and preparations and of unmanufactured tobacco are expected to be higher.

FARM INCOME

Cash receipts in May

Farmers received about 1.8 billion dollars from marketings in May, 15 percent more than in April but 5 percent less than in May of last year. Prices averaged 2 percent higher than in April but 2 percent under May 1949. The total volume of farm marketings was a little larger than in April.

Cash receipts from livestock and livestock products were about 1.3 billion dollars compared with 1.1 billion in April, but they were slightly less than in May 1949. With higher average prices, receipts from meat animals were somewhat above April and also a little larger than in May a year ago. Marketings of dairy products were up seasonally and more than offset slightly lower prices; but while dairy receipts were higher than in April, they were slightly below last May. Receipts from poultry and eggs showed little change from April, but lower prices held them well below May of last year.

Crop receipts in May were somewhat higher than in April, as receipts from truck crops and flaxseed increased seasonally. Although final reports are not available, it is likely also that net receipts from loans (loans minus redemptions) were greater in May than in April. However, both prices and marketings were down compared with a year ago, and crop receipts were from 10 to 15 percent under last May.

Cash receipts, January-May

In the first 5 months of this year total receipts from marketings were about 8.8 billion dollars, 7 percent less than in the same period of last year. This decline was due entirely to price change, since the volume of marketings was about the same.

Cash receipts from livestock and livestock products for the 5-month period were about 5.7 billion dollars, 7 percent less than last year, with prices also averaging 7 percent lower. Receipts from meat animals were a little below last year, dairy products showed little change from the 1949 level, and receipts from poultry and eggs were down about 22 percent because of lower prices.

Crop receipts from the 5-month period were 3.1 billion dollars, 9 percent less than last year, with prices down by almost the same percentage. Receipts from cotton were especially low because smaller quantities were sold by producers directly in the market at slightly lower prices and smaller quantities were also placed under loan at lower loan rates. Receipts from wheat, vegetables and oil-bearing crops were also lower than a year ago but fruits were higher.

LIVESTOCK AND MEAT

Prospects are for seasonally high prices of most classes of meat animals this summer. Before further advances occur, however, there may be some reaction from the rapid April-May price rise.

Nearly all classes participated in the April-May uptrend. Prices of hogs rose most. Slaughter cows were the only market class of livestock for which prices declined.

Barrows and gilts climbed \$3.50 per 100 pounds from mid-April to mid-May. Their average of \$19.46 at Chicago the week ended May 20 was the highest since last September and was 63 cents above the price in the same May week of last year. In all weeks of January through April, prices of barrows and gilts were lower than a year earlier, mostly by \$3.00 to \$4.00.

Prices of Choice and Prime steers for slaughter were steady as market supplies of that grade increased seasonally, but prices of all other grades of slaughter steers, stockers and feeders, and cows advanced in price. Prices of all grades and classes of cattle in mid-May were substantially higher than in May 1949, and close to the records for the month set in May 1948.

Most likely to go up further this summer are prices of barrows and gilts, for which it is the high season. Prices of well-finished cattle may also strengthen further. Peaks for both may be reached in late summer. A seasonal decline in hog prices--probably at least an average decline--is expected next fall. Prices of top grade cattle may fall off moderately.

Prices of stocker and feeder cattle and lower grades of slaughter steers will probably decline during the summer, although strength in prices of well-finished steers may be delaying their seasonal downturn.

Marketings of barrows and gilts for slaughter promise to be only a little larger this summer than last. Marketings of well-finished slaughter cattle, which to date this year have been small relative to the record-large volume of cattle feeding, are expected to increase materially in the next few months. Total cattle slaughter has averaged slightly below last year but is expected to about equal 1949 during the summer and be larger than 1949 during the fall.

Prices for sheep and lambs are likely to decline seasonally this summer, but perhaps not as much as usual. Prices will probably remain comparatively high. Sheep and lamb slaughter in April and May was larger than last year but in months to come it is expected to be smaller than a year earlier.

The higher prices for meat animals in late April and May paralleled a rising trend for retail prices of meat. However, weekly production of meat under Federal inspection was equal to or larger than a year earlier. Demand for meat apparently has strengthened this spring. The increase in demand is the first, aside from usual seasonal changes, since the summer of 1948. Nevertheless, the retail value of meat consumed has no more than held its own with the increase in personal incomes occurring this year, and relative to incomes it is slightly below average. The retail value of meat consumed is likely to remain a little below prewar average relationships to income.

DAIRY PRODUCTS

Production of milk in the United States has been on a gradual uptrend since early in 1949 and may set a new record high in 1950. In the first four months of this year, the annual rate was 123 billion pounds. Production per cow has broken monthly records for each month since mid-1948, and the number of milk cows has been increasing during most of the past 12 months. Barring unfavorable pasture and crop conditions this year, total milk flow probably will at least equal the previous record of 121.5 billion pounds set in 1945. This would be well above the 119.1 billion pounds in 1949 and the prewar average of 103.6 billion pounds.

Prices received by farmers for butterfat and manufacturing milk are close to last year's levels, while prices of milk for fluid purposes are somewhat lower. Since a larger proportion of total milk sales is being used

in manufactured products this year than last, the average price received by farmers for all milk at wholesale recently has been around 4 percent below a year earlier. For 1950 as a whole, the increase in farm sales of dairy products is likely to be more than offset by a decrease in prices, and cash receipts from dairy products will be slightly below the 3.8 billion dollars received in 1949.

Prices of milk for fluid consumption are being reduced gradually from the peak. As usual, this contrasts in timing with movements in manufacturing milk prices, which underwent a major decline in less than six months, -- at the end of 1948 and beginning of 1949. In early May this year, after widespread reductions, the price paid by dealers in 131 markets for fluid milk was 6 percent lower than a year earlier, and the retail price in 24 cities was 3 percent lower. Lower retail prices, together with continued large personal incomes, are helping maintain consumption of fluid milk well above prewar levels.

In the first quarter of 1950 a little less than half of the 1-billion-pound increase in total milk flow over a year earlier, appears to have been used in fluid form. The other went into manufactured dairy products, resulting in an increase of about 5 percent in quantity of milk used in processing. For 1950 as a whole, production of most items will be larger than in 1949. Prices of these dairy products are being maintained by USDA purchases. Up to May 26, the USDA had purchased 49.5 million pounds of butter, 23.5 million pounds of cheese, and 187.8 million pounds of nonfat dry milk. Purchases have expanded with production in recent weeks, and wholesale prices of all manufactured dairy products have continued stable. In late May, they were about equal to a year earlier, but compared with the corresponding period of 1948, ranged 10 to 30 percent lower.

POULTRY AND EGGS

Prices of both eggs and chickens were lower in mid-May than in April. Prices of frozen turkeys in mid-May were higher than a month earlier, having risen following announcement of a change in the terms of the Government price support program. Current marketings of turkeys from farms, consisting of breeders, are not directly affected by the price support measure. Prices of chickens and turkeys produced and marketed in 1950 will not be supported by the Department of Agriculture.

Since the beginning of 1950, average egg prices received by farmers have fluctuated within a 2-cent range above the season low of 29.6 cents, which was reported in mid-February and mid-May this year. So far this year, each instance of weakness in the market has been accompanied by large offerings of dried egg to the CCC for price support, and by large weekly movements of shell eggs into cold storage.

CCC purchases of dried egg through May 31 this year totaled 56.2 million pounds, exceeding the 42.4 million pound total accumulated by the corresponding date last year. But in the latter part of May last year, weekly purchases averaged about 1.5 million pounds and were held down by an active late-season demand for commercial storage. In the same period of May 1950, however, the price support offerings averaged 4.8 million pounds per week, more than three times the 1949 rate. There was little prospect that a brisk

commercial storage demand would materialize to reduce them. Storage holdings of both shell and frozen eggs in mid-May already exceeded the peak monthly holdings of 1949.

Chicken prices declined in the first 2 weeks of May. This probably reflected the anticipation of seasonal increases in the marketing of both young birds from farms and commercial broilers. Large numbers of chicks have been placed in specialized broiler producing areas since early March. If meat prices continue high, however, changes in chicken prices will be smaller than the prospective increase in supplies indicates.

Next fall's turkey outlook, which indicates supplies will be near the high 1949 level, is not affected by the turkey price support change announced on April 25. The turkey price support change permits a 60-day term of validity for inspection certificates accompanying tenders of 1949 crop turkeys eligible for price support. The previous term was 30 days. The effect of the change was to reduce the uncertainty which owners of frozen turkey might have felt with respect to the eligibility of their stocks for delivery to the Government in July.

Future contracts for turkey of the 1950 crop are being traded at levels several cents per pound under the 1949 support price.

FATS, OILS, AND OILSEEDS

Wholesale prices of the major edible oils continued to rise in early May but declined moderately in the latter half of the month. The index number of wholesale prices for edible fats and oils other than butter for May was about 150 (1935-39=100) compared with 144 in April, 147 a year earlier and 124 in November 1949, the postwar low. Prices of inedible fats and oils were slightly lower in May than a month earlier, with inedible tallow, yellow grease, and tung oil showing declines. The index of wholesale prices of fats and oils for inedible use in May was about 165 (1935-39=100) compared with 210 a year earlier, 162 in November 1949, and 168 in April 1950.

The price of soybeans at Chicago averaged about \$3.05 per bushel in May, the highest since August 1949. There were wide fluctuations during May, with a peak of about \$3.20 per bushel. The average in May 1949 was \$2.32, and the 1949-50 season low was \$2.19, in November 1949. The advance in the price of soybeans from November to May accompanied advances in soybean meal prices during part of the period, as well as a steady rise in the price of soybean oil. However, the rise in soybean prices to the May peak was much more rapid than the increases in prices of soybean oil or meal.

Output of the primary fats and oils other than butter in the 6-month period April-September 1950 is likely to total slightly less than the 2.8 billion pounds produced in the comparable period a year earlier. A moderate prospective increase in output of lard in this period will be more than offset by a decline in production of edible vegetable oils. Most of the decline is likely to come in July-September, because of a rapid early-season crushing of 1949-crop soybeans, early marketings of 1949 fall-crop pigs, and the likelihood of a reduced cottonseed production this year, which will be reflected in a smaller September crush than in September 1949.

Stocks of edible fats and oils except butter on April 1, 1950 totaled 729 million pounds, 238 million less than last year. All the major items showed a decline.

The reduced total supply of food fats and oils in prospect for April-September 1950, compared with a year earlier, is offset by an outlook for substantially reduced exports. Small ECA authorizations in January-April for exports of food fats and oils are likely to result in a decline in exports of these fats in April-September from the relatively high quarterly rate of 436 million pounds, including oil equivalent of soybeans and peanuts, reached in January-March. Exports in April-September 1949 were at an average quarterly rate of 462 million pounds.

Domestic disappearance of food fats and oils other than butter in January-March 1950 was exceptionally large, equal to about 10 pounds per person. Even with a decline in domestic disappearance in April-September to about the quarterly rate of a year earlier, 8.4 pounds per person, and with a substantial reduction in exports from the January-March rate factory and warehouse stocks of food fats and oils other than butter on October 1, 1950 would not be greatly different from the relatively small total of 365 million pounds a year earlier.

CORN AND OTHER FEED

Prices of most feeds advanced from April to early May. Prices of feed grains and many of the other lower-protein feeds reached the highest levels in over a year. In the next few months, corn prices will continue to be influenced by the large volume of corn held under price support, which points to a smaller supply outside of government hands this summer than last. Substantial quantities of other feed grains under price support and the below-average condition of pastures and early sown feed grains also have contributed to the higher feed prices in recent weeks. In May prices of feed grains, wheat millfeeds, and oilseed meals were all somewhat higher than a year earlier. Prices of animal protein feeds on the other hand, have declined considerably from the record reached last summer. In May prices of tankage and meat scraps were about the same as a year earlier, while the price of fish meal was much lower. Prices of animal protein feeds will probably average somewhat lower this summer and fall than last.

Total sales of corn by farmers from the 1949 crop, including unredeemed loans and purchase-agreement deliveries, are estimated at 945 million bushels, the second largest on record. Total sales of oats from the 1949 crop also including unredeemed loans and purchase agreement deliveries are estimated at 325 million bushels, 14 percent smaller than a year earlier, and barley 142 million bushels, about 25 percent smaller.

The 1950 growing season has been considerably less favorable for feed crops than in either of the last two years. Cool weather over large areas of the northern part of the country and drought in the Southwest have hampered early growth of feed crops and resulted in below-average condition of pastures in April and early May. Preparation for corn planting has been delayed in the corn belt, but this could be largely overcome by favorable weather later in the season.

Based on May 1 indications, the hay supply this year will total about 110 million tons, the smallest since 1941, but 7 percent above the immediate prewar average.

WHEAT

As a result of a smaller crop now in prospect wheat prices after the new harvest are not expected to drop as much below the loan as in some past years. On July 2, 1949, the price of No. 2 Hard Winter at Kansas City was 35 cents under the loan, and on August 2, 1948, prices at the same market reached a low of 18 cents below the loan. And, even though prices will weaken following harvest, they are expected to advance later, as they have in other years in which loans have been available, and to average at about the loan level for the 1950-51 marketing year as a whole. The loan rate when announced is expected to be near the 1949 figure, which was \$1.95 on a national average farm basis.

Prospects are now for a wheat crop smaller than domestic requirements plus prospective exports. This would indicate some reduction in the carry-over at the end of the 1950-51 marketing year from the 450 million bushels in prospect for July 1, 1950. On May 1 the 1950 winter wheat crop was indicated at 690 million bushels. The first estimate of the spring crop will not be issued until June 9.

On the basis of a spring crop of 250 million bushels and the winter crop of 690 million, production of all wheat would total 940 million bushels. If stocks on July 1, 1950 are about 450 million bushels as now expected supplies would total 1,390 million bushels.

Domestic consumption is again expected to be about 700 million bushels. Exports may be not greatly different from the 310 million bushels estimated for 1949-50. If this turns out to be the case, the carry-over July 1, 1951 would be 380 million bushels, compared with the record of 631 million in 1942 and the prewar (1932-41) average of 235 million.

Moisture conditions over almost all of western Europe continue favorable. Relatively little winterkill was reported. Western Europe's winter grain acreage is slightly above last year, but still below prewar.

In the Prairie Provinces of Canada the outlook is generally quite favorable except that about one-half million acres of land was flooded in May. According to intentions to plant, a total spring wheat acreage of 26.3 million acres is indicated, which is about 1 percent below plantings in 1949. Winter wheat acreage amounts to only 900 thousand acres, making a total for both spring and winter of 27.2 million acres.

FRUIT

Supplies of most 1950-crop deciduous fruits are expected to be smaller during June and July than a year earlier, and grower prices are expected to average higher.

The 1950 peach crop of the 10 southern early States, the main source of fresh peaches during June and July, is estimated to be only about half as large as the small 1949 crop and the smallest since 1943. Grower prices for these early peaches are expected to average even higher than in 1949. Another large crop of California clingstone peaches, which are used mostly for canning, seems probable. Among other late spring and early summer fruits, California production of fresh plums is estimated to be 8 percent smaller and that of cherries 30 percent smaller than 1949 production. Grower prices for these fruits probably will average higher than in 1949.

With the late-spring strawberry crop about as large as in 1949 and a strong demand for freezing as well as for fresh use, grower prices in June probably will average a little higher than a year earlier. Total production of strawberries in 1950 is expected to be about one-tenth larger than in 1949. On May 1, 1950, cold-storage stocks of frozen strawberries were less than one-third of the stocks on that date in 1949. About 28 percent of the 1949 production was frozen.

Continued high grower prices seem likely for oranges and grapefruit this summer. Total supplies of oranges and grapefruit remaining to be marketed after May 1 were each moderately larger than supplies a year earlier, but supplies of lemons were considerably larger. The 1949-50 lemon crop is about one-fifth larger than the preceding one.

POTATOES AND SWEETPOTATOES

Prices received by farmers for potatoes in June and July are expected to be moderately lower than a year earlier primarily because of a reduction in support prices and some changes in the application of the support program. Indicated production of early commercial potatoes for late spring shipment is nearly as large as a year ago, and about one-fifth larger than average. Early commercial acreage for summer harvest in States for which estimates are made is estimated to be slightly smaller than the acreage harvested last year, and 28 percent below average. Rail shipments of new-crop potatoes through early May were somewhat lighter than during the same period a year earlier.

Government price support purchases of 1949-crop potatoes through May 10 totaled nearly 66 million bushels, in contrast to about 125 million bushels of 1948-crop potatoes acquired by the same date a year earlier. Price-support purchases of 1950-crop potatoes to May 10 totaled a little more than a quarter-million bushels, not quite half the quantity of new crop potatoes acquired by the same date in early 1949.

Not much change in prices received by farmers for sweetpotatoes is expected until new-crop sweetpotatoes become available. If earlier intentions are carried out, the acreage of sweetpotatoes will be larger this year than last. If the crop also is larger, prices received by farmers will be lower than for the 1949 crop. Prices received by farmers in early 1950 were about one-tenth lower than in the same months of 1949, and generally somewhat lower than those received in the same months since 1945. Sweetpotato producers received highest prices of record for the 1948 crop.

COMMERCIAL TRUCK CROPS

Fresh Market

Prices received by farmers for commercial truck crops produced for the fresh market this summer probably will be slightly lower than a year earlier, if production turns out in line with prospective acreage. Early estimates, covering crops that accounted for nearly half of the summer vegetable acreage last year, show an acreage 5 percent larger than last year and 5 percent above the recent 10-year average.

However, the currently available estimates of summer acreage now cover only cabbage, cantaloups, onions, green peppers and watermelons. Acreages are expected to be larger than last summer for cabbage, onions and watermelons, but smaller for cantaloups and green peppers.

Weather was unfavorable during April. Total spring production is expected to be about the same as last spring, although still considerably above average. Prices received by farmers rose sharply from March to early April. In general, about seasonal declines in price are expected for May, June and July.

For Processing

Prices received by farmers for truck crops grown for commercial processing this year probably will average a little lower than last year. Combined stocks of canned vegetables in the hands of canners and distributors this April 1 were much larger than a year earlier for canned green beans and canned corn, but were considerably smaller than a year earlier, for green peas, tomatoes, and tomato juice. Cold-storage holdings of frozen vegetables this May 1 were much larger than a year earlier, with especially large stocks of frozen snap beans, broccoli, brussels sprouts, pumpkin and squash, and spinach.

COTTON

The general improvement in the cotton situation which has been underway for the last several months continued in May. Export demand was strong while buying of raw cotton by domestic mills was steady. Prices of spot cotton reached the season's highest level. Price fluctuations between mid-April and mid-May ranged within 1/2 cent but during the last half of May advanced in 11 of 12 trading days. On May 29, Middling 15/16" averaged 33.56 cents per pound in the ten designated spot markets, compared with 32.66 on May 15, 31.55 on August 1, and 32.45 on May 31, 1949.

Exports in March were 686,000 bales, the highest for any month since February 1940 and the highest for March since 1932. The total for the 8 months, August-March was 3,754,000 bales compared with 2,958,000 bales last season and an average of 4,398,000 bales in 1935-39. Total exports for the 1949-50 season are likely to reach 5.5 million bales. Domestic mill consumption in April totaled 712,000 bales, a daily rate of 36,178 bales, compared with 35,929 in March, and 28,955 in April, a year ago. Normally, the daily rate of consumption declines slightly from March to April. For the season, August-April, mill consumption totaled 6,689,000 bales, nearly 9 percent above the corresponding period last season when the full season total was 7.8 million bales. A brisk demand for gray goods has developed in recent weeks. This has resulted in a slight advance in cloth prices.

The final official estimate placed the 1949 cotton crop at 15.9 million running bales, which brings the total supply of cotton during the 1949-50 season to nearly 21.4 million bales. If exports and domestic

mill consumption total 14.0 million bales or more, as expected, the carry-over at the beginning of the 1950-51 season would be about 7.4 million bales.

WOOL

The average price received by wool growers for 1950 probably will not be greatly different from the 49.3 cents received in 1949. The average for shorn wool in May 1950 was 53.8 cents per pound, grease basis, compared with 50.4 cents received in April 1950 and 51.1 cents in May 1949.

During the first week in May, prices advanced at Boston for all territory combing wools grading quarter-blood and finer, territory three-eighths blood clothing, quarter-blood and finer bright fleece, half-blood and finer semi-bright fleece, and all 12-months Texas wools. The advance ranged from 1 cent per pound, clean basis, for three-eighths blood combing bright fleece to 15 cents for fine bright fleece clothing wool. A good volume of these wools from the new clip is now moving to market.

The present strength in domestic wool prices is likely to continue for some time. Domestic wool production in 1950 is expected to be a record low; mill consumption is likely to increase slightly; and foreign markets are rather active at current prices. At the opening of the May series of London auctions, prices ranging between 5 and 10 percent above the levels at the close of the March series were reported.

Imports for consumption of dutiable wool during January-March totaled 115 million pounds, actual weight. This was 51 million pounds or 79 percent greater than imports during the same period of last year. Imports during the year 1950 probably will be substantially larger than the 155 million pounds, clean basis, or 262 million pounds, actual weight, imported in 1949, even if consumption is no greater. Domestic production of shorn and pulled wool is expected to be about 108 million pounds, scoured basis, a new record low; stocks of apparel wool in the United States at the beginning of the year were about 25 percent below those at the beginning of 1949. The ratio of stocks to consumption was about the same as the 1935-39 average. Imports for consumption of 101 million pounds, actual weight, of duty-free wool (carpet wool) during January-March were about 54 million pounds greater than in 1949.

Apparel wool consumption during 1950 probably will be 350 to 375 million pounds, scoured basis, compared with 343 million in 1949. Consumer income is expected to continue high and expenditures for wool goods are not likely to change much relative to consumer incomes. Domestic mills consumed 108 million pounds, scoured basis, of apparel wool during January-March. The average weekly rate of consumption during this period was about 25 percent above the rate for the same period of 1949. The average weekly rate of 8.4 million pounds during March was 3 percent below the rate of the previous month but about 45 percent above the rate in March 1949. Consumption of carpet wool during January-March totaled 51 million pounds, scoured basis, equal to that in the same period of 1949.

TOBACCO

The demand for the large 1949 Maryland crop during the first 4 weeks of sale was fairly strong. The quality of offerings was generally below that of the early part of the season last year. The average price for auction sales of about 14 million pounds during May was 48.7 cents per pound--7 percent lower than in May 1949. The 1949 crop estimated at 41 million pounds is 17 percent larger than in the previous year. Based on March 1, 1950, growers' intentions, the acreage indicated for this year is 4 percent above the 1949 acreage. The 1950-51 supply of Maryland tobacco will probably be the largest on record.

Most Maryland tobacco is used in cigarettes and during the 1950-51 fiscal year, consumption of cigarettes will probably set a new record. United States consumption in the current fiscal year will be about 355 billion compared with 352 billion last year. United States exports of cigarettes are running below last year.

The 1950 crops of flue-cured and Burley, also used principally in cigarettes, are expected to bring prices that will average above support levels. The support levels probably will be higher than last season's because of the higher parities as calculated under the Agricultural Act of 1949. The parity price of both flue-cured and Burley in May was 49.8 cents per pound. The support level is determined on the basis of 90 percent of June parity for flue-cured and 90 percent of the September parity for Burley.

Smoking and chewing tobacco consumption during January-April 1950 exceeded that of the same months of 1949 by 5 percent, but the use of snuff was 4 percent lower.

Snuff and chewing tobacco are main outlets for the fire-cured and dark air-cured types. The 1950 support prices for fire-cured and dark air-cured, computed at 75 and 66 $\frac{2}{3}$ of the Burley loan rate are likely to be above their 1949 supports.

Filler and binder types of cigar tobacco and Maryland tobacco are not under Federal marketing quotas, and price supports for the 1950 crops of these types may be set at from 75 to 90 percent of parity depending upon their supply position. Since cigar tobacco parities as calculated under the new method are considerably higher than under the method used last year, the price supports for cigar tobacco types are likely to be above those applicable to the 1949 season. Cigar withdrawals during fiscal 1949-50 are expected to be about 5.6 billion compared with 5.7 billion in 1948-49.

United States exports of unmanufactured tobacco in the first quarter of 1950 were down more than two-fifths from the first quarter total of 1949. Extraordinarily large shipments were made to Germany in early 1949 to build up depleted stocks and to aid in restoring more normal consumption. For 1950 as a whole, tobacco exports are expected to be at a relatively favorable level although they may not reach the 1949 total of 498 million pounds.

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